



House of Commons
Welsh Affairs Committee

The economic and cultural impacts of trade and environmental policy on family farms in Wales

Fifth Report of Session 2021–22

*Report, together with formal minutes relating
to the report*

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Welsh Affairs Committee

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Introduction

Our Inquiry

1. We launched our inquiry on 21 July 2021 and published a call for written evidence on our website. We have published 20 pieces of written evidence received in response to that call. We held two formal evidence sessions. At the first session, on 24 November 2021, we heard from representatives of the National Farmers Union (NFU) Cymru, the Farmers' Union of Wales (FUW), the Wales Federation of Young Farmers Clubs (YFC), the Farming Community Network, and from Professor Terry Marsden, Emeritus Professor at Cardiff University. On 2 February 2022 we heard from Julie James MS, the Welsh Government's Minister for Climate Change, as well as from officials within the Welsh Government. We also held an informal roundtable discussion in Llanrwst with four local farmers on 3 March 2022. We would like to thank all the witnesses who gave oral evidence and submitted written evidence—a full list can be found at the back of the report. We would like to thank the farmers who took the time to meet us; their insight was invaluable.

2. During our oral evidence session on 2 February 2022 with the Welsh Government's Minister for Climate Change; the Minister indicated that a number of our questions were better suited for the Minister for Rural Affairs who was unable to attend that meeting.¹ Following the session we wrote to the Welsh Government's Minister for Rural Affairs and North Wales, Lesley Griffiths MS, with questions. At the time of agreeing this report, we had yet to receive a response to those questions.

3. The Senedd Cymru / Welsh Parliament has legislative competence relating to agriculture, animal health and welfare; and much of the environmental policy is devolved to the Welsh Government. The UK Government is responsible for trade policy, and negotiating and signing international agreements. The devolved governments and legislatures must comply with these international obligations and are responsible for implementing them in devolved areas. While some areas within the scope of this inquiry do fall under the responsibility of the Welsh Government, we were keen to explore those areas where UK Government policies have an impact, as well as those areas where there may be scope for greater cooperation between the UK Government and Welsh Government.

Context: Farming in Wales

4. 90 percent of the land area of Wales is given over to farming with the majority of the landscape being hilly or mountainous, it is mostly used for rearing sheep and cattle.² Around 80 percent of agricultural land is categorised as 'less favoured areas' (LFA).³

5. Sheep are more prevalent in the uplands of Wales, where they may be the only feasible business option. While sheep tend to be relatively low maintenance, they also offer relatively low returns to the farmer. Farms tend to concentrate on either beef or dairy cattle, with dairy tending to have higher returns but requiring more land and significant capital investment.

1 [Q70; Q72; Q76; Q78; Q80; Q86; Q88](#)

2 [Welsh Government Statistics, Survey of agriculture and horticulture: June 2021.](#)

3 [Welsh Government, Agriculture in Wales. \(June 2019\)](#)

6. Since 2004, the dairy herd in Wales has increased slightly (4 percent), while the size of the beef herd has fallen considerably (24 percent).⁴ A high proportion of Welsh milk is processed into cheese and butter, with farmers paid a lower price than those supplying milk markets nearer large population centres.⁵

7. According to the NFU Cymru, around a third of agricultural land in Wales is rented through formal and informal agreements and tenants face a number of unique challenges including access to finance. Tenancy agreements can also hinder the tenant.⁶

Our report

8. We begin by setting out the uniqueness of Welsh farming compared to the other UK nations, including how culturally and economically significant farming communities are to Wales and their role in safeguarding the Welsh language. We move onto examine trade policy and the potential impact of Free Trade Agreements (FTAs) on Welsh farmers and the concerns farmers have, such as the purported differences in environmental and animal standards in other countries. We then explore the serious concerns we heard regarding large companies buying Welsh farmland for tree planting in order to off-set their carbon emissions, as well as the impact that climate change is having on farming. We move on to discuss future agricultural policy post-Brexit. While recognising that agricultural policy is wholly the responsibility of the Welsh Government, we set out the calls we heard for a common framework across the UK to ensure a level playing field between the nation's farmers. Finally, we examine the future of family farming in Wales and the prospects for younger generations entering the industry, alongside planning for succession to sustain the lifecycle of Welsh family farms.

4 [Welsh Government Statistics, Survey of agriculture and horticulture: June 2021.](#)

5 [Welsh Government \(HIL0004\)](#)

6 [National Farmers Union Cymru \(HIL0006\)](#)

1 The uniqueness of Welsh farms

Welsh farming and the rest of the UK

9. During our inquiry we heard that there are a number of areas where farming in Wales differs to the rest of the UK.

10. Agricultural land holdings in Wales are an average size of 48 hectares, compared to an average size of 87 hectares in England.⁷ The NFU Cymru told us that this means the Welsh countryside is characterised by farms of a modest size which are typically owned and/or occupied by farming families who will often have farmed for generations.⁸

11. In 2020, 52,800 people worked in the agricultural sector in Wales and those working in agriculture, forestry and fishing represented 3.2 percent of workforce jobs in Wales, higher than the UK average of 1.1 percent.⁹ However, in large rural parts of Wales, such as Ceredigion and Powys, jobs in agriculture, forestry and fishing account for more than 12 percent of workplace jobs.¹⁰

12. In 2020 the aggregate agricultural output (gross output) in Wales was worth £1.7 billion to the economy, with agriculture representing a higher percentage of the Welsh economy compared to the UK as a whole. Agriculture represents 1 percent of the total Gross Value Added (GVA) for Wales compared to 0.6 percent across the UK.¹¹

13. Overall, this illustrates the economic significance of farming to Wales, and raises the question of whether these differences should be recognised—or whether trade and climate policies have a different impact on these characteristics. However, Welsh farmers are facing financial difficulties. One farmer told us that “the economics are stacked against the family farm”, referring to the single farm payment, rent and working hours. The latest figures for farm incomes by UK nations show that 19 percent of Welsh farms had a farm business income of less than zero with an average income of £26,000 per farm.¹²

14. Agriculture plays a significant role in the Welsh economy, employing a higher percentage of the workforce in Wales than in other parts of the UK. However, the agriculture sector in Wales is dominated by large sub-sectors such as livestock production and dairy farming. At the same time it is characterised by relatively smaller farm holdings—many of which are family farms. Together this paints a picture of higher risk: a sector dependent on a narrower range of production and farms less resilient to economic shock.

The Welsh language

15. We have heard about the close connection between farming and the Welsh language. While around 20 percent of the Welsh population speak Welsh, the agriculture, forestry and fishing sectors in Wales represent 43 percent of Welsh speaking workers—higher

7 [Meat Promotion Wales \(HIL0002\)](#)

8 [National Farmers Union Cymru \(HIL0006\)](#)

9 [Meat Promotion Wales \(HIL0002\)](#)

10 [Welsh Government \(HIL0004\)](#)

11 [Meat Promotion Wales \(HIL0002\)](#)

12 [UK Government statistics, Agriculture in the United Kingdom 2020](#). (July 2021)

than any other employment sector.¹³ The Welsh Local Government Association (WLGA) told us that family farms are the backbone of rural communities and play a vital role in sustaining the Welsh language, culture and heritage.¹⁴

16. We were told how farming communities have long “supported and reinforced all aspects of rural services, from ensuring schools, shops and pubs remain open, to being a stronghold of the Welsh language”.¹⁵ The NFU Cymru said that while “farmers in Wales maintain the landscape, they also continue to maintain its language and cultural traditions and in doing so preserve our heritage and sense of place for future generations”.¹⁶

17. During our roundtable with farmers, we heard how the language has been handed down from parents to children with the children staying on the farmland. However, we were also told of younger generations leaving because of a lack of work and that this is beginning to have an impact on farming and the language. The written evidence we have received raises concerns that the future viability of family farms could endanger the future of the Welsh language.

18. Conwy Council voiced concerns that without traditional, smaller Welsh family farms there would be an impact on communities, the language, the landscape and habitats which are essential and distinctive qualities of the culture, communities and landscape in Wales.¹⁷ We heard from the Growing Mid Wales Partnership that it is vital that the UK Government ensures that future trade or environmental policies support family farms to secure the continued growth of the Welsh language.¹⁸

19. Farming communities are vital to rural Wales and play an important role in defining and maintaining the distinctive culture in Wales, including sustaining the Welsh language. While language and culture are devolved responsibilities, the UK Government should consider how its approach to relevant reserved policy areas can help to protect the unique cultural contribution of Welsh farming communities. For example, the UK Government could consider adding cultural impact to the impact assessment process for future trade negotiations and to the terms of reference for the work of Trade and Agriculture Commission.

13 Written evidence submitted to the inquiry from [Meat Promotion Wales](#), [Welsh Government](#), [NFU Cymru](#) and [Nature Friendly Farming Network](#).

14 [Welsh Local Government Association](#) (HIL0012)

15 [Conwy County Borough Council](#) (HIL0003)

16 [National Farmers Union Cymru](#) (HIL0006)

17 Ibid

18 [The Growing Mid Wales Partnership](#) (HIL0011)

2 Free Trade Agreements (FTAs)

Trade policy

20. Wales’s food and drink exports reflect its agricultural land use, with meat and dairy products dominating. Meat and meat products are the highest value food and drink export in Wales, representing 36 percent of total food and drink exports in 2020—compared to 12 percent at the UK level.¹⁹ These differences highlight the need for Wales’s distinctiveness to be recognised and considered when negotiating FTAs.

21. We have heard calls for the UK and Welsh Governments to work closely together to promote new market opportunities and support businesses in accessing them. The NFU Cymru told us that they wanted to see “international trade outcomes which will enable farmers to grow their businesses”.²⁰ The FUW believe it is essential that the governments use diplomatic channels to address any barriers which may hinder market access.²¹

22. In its written evidence to our inquiry, the UK Government set out the intergovernmental structures created by the Department for International Trade (DIT) regarding trade policy.²² This includes quarterly meetings of the Ministerial Forum for Trade, six-weekly Senior Officials Group meetings and Chief Negotiator calls running parallel to negotiation rounds. There are also eleven Trade Advisory Groups (TAGs) which represent specific sectors of the economy.

23. In October 2021, the new, statutory, Trade and Agriculture Commission (TAC) was launched. Its membership includes Meurig Raymond MBE²³, who has held various roles in the NFU, including Pembrokeshire County Chairman and President of the NFU.²⁴ We also take note of the UK Government’s announcement of a “new cohort of international ‘agri-food attachés’ who will work around the world to promote export opportunities for UK farmers and producers, providing market intelligence and technical expertise”, as well as the creation of a new Food and Drink Export Council.²⁵

24. We welcome the inclusion of a member of the new Trade and Agriculture Commission (TAC) who has experience of the agricultural landscape in Wales, along with moves to recruit new agri-food attachés, and the establishment of a new Food and Drink Export Council. However, to be successful, the Welsh Government and farming communities need to be fully engaged in the work of the new TAC and Export Council, as well as the work of the attachés. *The UK Government should collaborate on the terms of reference for the Export Council with the devolved governments and farming organisations, and commit to having at least one council member with expertise and experience of the agri-food sector in Wales. We also call for a proportionate number of the new agri-food attachés to have expertise and knowledge and understanding of the distinctive characteristics of the food and drink sector in Wales, food production in*

19 [Welsh Food and Drink, Annual exports bulletin 2020.](#)

20 [National Farmers Union Cymru \(HIL0006\)](#)

21 [Farmers Union of Wales \(HIL0013\)](#)

22 [UK Government \(HIL0020\)](#)

23 [UK Government press release: ‘New Trade and Agriculture Commission launched with measures to boost farming exports’.](#) (21 October 2021)

24 [NFU, Meurig Raymond biography \(2018\)](#)

25 [UK Government press release: ‘New Trade and Agriculture Commission launched with measures to boost farming exports’.](#) (21 October 2021)

*Wales and the impact of decisions upon these areas.***Concerns of Welsh farmers**

25. One of the main concerns we have heard from the farming sector is the purported difference in standards between UK farmers and farmers in countries that the UK Government is negotiating free trade deals with—specifically, that cheaper imports, produced to less exacting standards, will be favoured over more expensive Welsh products produced to higher standards.

26. We have heard concerns that FTAs could be damaging for farmers in Wales²⁶ and that the potential implications “range from being modest to very significant”.²⁷ The WLGA expressed a worry that FTAs will, over time, prove to be detrimental to farmers in Wales.²⁸

27. New trade deals with major global agricultural exporters will bring increased competition which could disproportionately impact smaller family farms. We have heard calls for check and balances to be put in place in case trade deals do cause injury to the sector.

28. In July 2021, we held a series of sessions on the UK-Australia FTA and recommended that the UK Government should publish a Welsh-specific impact assessment for FTAs to include the impacts by sector.²⁹ In their written evidence submitted to this inquiry the WLGA, NFU Cymru and FUW expressed support for this recommendation.

29. The Welsh Government’s Minister for Climate Change, Julie James MS told us that she would welcome a Welsh-specific impact assessment for all FTAs and that the Welsh Government wanted to better understand the cumulative effects of trade deals.³⁰ The Minister said that the Welsh Government continued to request cumulative impact modelling from the UK Government.

30. As we concluded in our report on the implications for Wales of the UK/Australia FTA, we are acutely aware of the concerns held by Welsh farmers of the potential competitive threat posed by FTAs. However, while it is far from certain that the UK will be flooded with produce from countries that the UK Government is negotiating FTAs with, it is important that due thought is given to the impact of FTAs on the agricultural sector, food and drink production in Wales. One particular concern is negotiating tactics which will have a disproportionate impact on Wales, because of the greater reliance on agriculture and food production sectors—for example, subverting the interests and protections on agricultural and food production sectors in order to secure preferential access for larger domestic markets, such as, say, financial services.

31. We have previously recommended that the UK Government should publish a Wales-specific impact assessment for FTAs. While this recommendation was previously rejected by the UK Government, we believe that a Welsh impact assessment continues to command substantial support from the sector as well as from the Welsh

26 [Calon Cymru Network](#) (HIL0005)

27 [National Farmers Union Cymru](#) (HIL0006)

28 [Welsh Local Government Association](#) (HIL0012)

29 [Welsh Affairs Committee \(August 2021\), Implications of the UK-Australia FTA for Wales](#), Third Report of Session 2021–22, HC 481

30 [Q71](#)

Government. *We recommend that the UK Government publish a statement on the impact of FTAs on the agricultural sector in Wales, which takes into account the sector's distinctive characteristics, and we call for the UK Government to publish its cumulative impact modelling data on FTAs.*

3 Environment

Tree planting on farmland

32. A large number of written evidence submissions expressed concerns regarding the purchase of farmland in Wales for tree planting to off-set the carbon emissions of companies. Submissions received included Meat Promotion Wales, Conwy Council, NFU Cymru, WLGA, FUW, Wales Federations of Young Farmers Clubs, Countryside and Community Research Institute (CCRI), Nature Friendly Farming Network (NFFN) and the Tenant Farmers Association (TFA).

33. However, the Welsh Government’s Minister for Climate Change, Julie James MS, has said that “Wales needs a step change increase in woodland creation to tackle the climate emergency” and that “farmers have a crucial role to play in planting more trees in Wales”.³¹

34. Although the NFFN has welcomed plans to increase woodland coverage on farms, it says that while “trees play a vital role in addressing the nature and climate crises, [...] planting the wrong tree in the wrong place can lead to perverse outcomes for climate, nature and rural communities”. They also disagree with “carbon offsetting that essentially allows business to continue to pollute”.³² In a letter to us, the Woodland Trust said there is a “need for a framework that ensures that companies investing in woodland carbon offsets have credible and substantial emissions reduction programmes” so they are “not using offsetting to avoid emissions reduction”.³³

35. During our roundtable discussion, farmers expressed very strong views on this issue. One farmer called it “degrading” and said that “it will kill our rural communities”, another said it is “immoral because there is no reduction in the carbon”.

36. We recognise the importance of increasing woodland to tackle the climate emergency. However, there are unintended consequences emerging as a result of planting too many trees, of the wrong type, in the wrong place. The move to net zero also needs to be better understood—something that would be helped by greater transparency on what is happening. We have heard legitimate concerns from a large number of witnesses regarding companies buying Welsh farmland for tree planting in order to off-set their carbon emissions. The extent to which this is happening, and the drivers for these actions (and whether they are an unintended consequence of tree planting schemes, including those established by both the UK and Welsh governments), is difficult to establish.

37. We oppose any attempts to ‘game the system’ by investing in viable farming land purely in order to offset carbon emissions accrued by companies elsewhere. Tree planting schemes are an important pillar in attempts to preserve our natural environment for future generations and were never intended to be exploited to the detriment of current businesses or future generations of farmers.

38. While we acknowledge and respect the fact that environmental and planning policy are devolved competencies, we strongly encourage the Welsh Government to

31 [Welsh Government Minister for Climate Change’s response to a written question.](#) (21 September 2021)

32 [Nature Friendly Farming Network](#) (HIL0017)

33 [The Woodland Trust](#) (HIL0021)

reassess whether it currently has sufficiently strong safeguards in place for its tree planting schemes. In particular, we draw their attention to the Woodland Trust’s call for a requirement that companies investing in carbon woodland offsets have a substantial and credible emission reductions programme in place and are not using offsetting schemes to avoid reducing emissions. Furthermore, we call on the Welsh and UK governments to improve the transparency and regulation of carbon offset schemes which in effect create a change of land use. For example, greater transparency may be achieved by the creation of a register of carbon offset schemes so that the extent of this problem can be monitored.

Environmental impact on farming

39. Currently there are around 7 days per year of intense and prolonged rainfall in England and Wales that could lead to river flooding. If there’s a 2 degrees Celsius rise in average global temperature this is expected to rise to 10 days per year.³⁴

40. The impact of climate change on farming is already evident. The Calon Cymru Network noted that changing rainfall patterns are undermining the basic assumptions of hill farming, for example making stock and soil care more complex during wetter winters; and causing more damage from winds and floods.³⁵ John Davies, President of NFU Cymru, told the us that “we are seeing some more volatility” and “periods of less stability” due to the impact of climate change.³⁶

41. We heard concerns from the RSPCA that “increased flooding of fields and reduced crop production could have consequences for the supply of bedding and feed for livestock”. The organisation also states that “livestock reared outside may be subjected to unseasonably hot or cold weather” which could exacerbate problems such as lamb death due to exposure of cold weather.³⁷

42. It is important to note the role that sustainable farming can play in achieving our climate goals. Responsible land management and low-intensity farming methods mean that red meat can be produced, and eaten, in an environmentally friendly and sustainable way, whilst also benefiting rural communities, Welsh farmers and consumers. We note the assurance from the Welsh Government’s Minister for Climate Change, Julie James MS that the Welsh Government did not have a policy on eating less red meat to reduce carbon emissions.³⁸

43. Climate change is already having a clear impact on farming. Changing weather patterns alter the farming environment and create greater instability. Wetter weather will increase challenges to livestock production with increased flooding of fields potentially reducing the crop production used to supply bedding and feed. We are concerned that a reduction in yield, as a result of environmental factors, could reduce the viability of farms and, in turn, could have negative consequences for the cultural, economic and social significance of family farms in Wales. We recommend that the UK and Welsh governments work together to ensure that both governments meet their net-zero targets.

34 [Helen M. Hanlon, ‘Future changes to high impact weather in the UK’.](#) (June 2021)

35 [Calon Cymru Network](#) (HIL0005)

36 [Q25](#)

37 [RSPCA](#) (HIL0007)

38 [Q93](#)

4 Future agricultural policy

Post-Brexit agricultural policies

44. When the UK left the European Union (EU) it also moved outside the remit of the Common Agricultural Policy (CAP) which had provided farmers with direct payments and support for rural development schemes. Agricultural funding is a devolved matter and, since leaving the EU, an interim CAP-style system is being maintained until Wales transitions to a new scheme.

45. The Welsh Government is developing a future agricultural policy for Wales which is largely set out in its Agriculture (Wales) Bill. The Welsh Government held a consultation on this Bill.³⁹ Unlike the CAP, the Welsh Government's proposal is that farmers would not receive support specifically for producing food. The Welsh Government does not intend to class food production as a 'public good' due to food having a market value; instead funding would focus on non-marketable benefits of sustainable food production, such as enhancing biodiversity and carbon sequestration. These principles are similar to that being trialled in England under the UK Government's Environmental Land Management (ELM) schemes.⁴⁰

46. When we discussed future agricultural policy at our roundtable with farmers, they were clear that producing food is good for the public. The farmers told us that the UK should be self-sufficient: producing enough food to meet its own needs, in an environmentally friendly way that is sustainable and for them to receive a fair price for what they produce.

47. Many respondents to our call for evidence have raised concerns regarding the potential implications of differing agricultural policies across the UK. Meat Promotion Wales told us that it is "crucial that market distortion is avoided within the UK where food producers in one part of the UK may be at a financial disadvantage to producers in other parts of the UK".⁴¹ The WLGA suggested that, when comparing Welsh Government proposals to Scotland, Northern Ireland and the EU, Welsh farmers face a significant competitive disadvantage as farmers in those countries will continue to receive direct support for food production.⁴²

48. During our first oral evidence session, all witnesses appeared to endorse a UK common framework for agriculture to sit above devolved agricultural policy. William Jones of Wales Federation of Young Farmers, John Davies of NFU Cymru, and Professor Terry Marsden told us that a framework was needed to ensure a level playing field. Nick Fenwick of FUW said the framework should have "flexibility within which we can respect devolution".⁴³ When we asked the Welsh Government Minister for Climate Change whether the Welsh Government would be open to discussions with the UK and other devolved governments on a framework in this area, she said yes.⁴⁴

39 [Welsh Government, Agriculture \(Wales\) Bill: Summary of consultation outcome](#) (March 2021)

40 [UK Government, Environmental Land Management Schemes: Overview](#) (March 2021)

41 [Meat Promotion Wales \(HIL0002\)](#)

42 [Welsh Local Government Association \(HIL0012\)](#)

43 [Q13](#)

44 [Q71](#)

49. We recognise the vital role that farmers play in food production and acknowledge the desire of UK and Welsh governments to move to a system of funding for public goods. However, we are concerned about the impact that transitioning from the existing system of payments for food production will have on the agricultural sector.

50. *Although agricultural policy is a devolved responsibility, we heard calls for the four governments to ensure that they discuss changes to their respective agriculture policies. The UK Government should consult via the new Interministerial Group on Environment, Food and Rural Affairs with the devolved governments on potential areas for collaboration and whether there is scope for a UK wide agriculture framework which would set overarching principles. It must be clear that any such framework should enable nation specific policy responses.*

5 Future of farming in Wales

Future generations and succession planning

51. The average age of Welsh farmers is over 60 with just 3 percent of farmers under the age of 35.⁴⁵ The Prince's Countryside Fund told us that succession and support for new entrants were key challenges and said provisions should be made for succession to enable the life cycle of farming to work.⁴⁶

52. The Wales Federation of Young Farmers Clubs says that the next generation of farmers have the enthusiasm for learning and taking on new ideas for the future.⁴⁷ We heard from John Davies, President of NFU Cymru, that “the people are there; we just need to support and facilitate their entry into our industry”.⁴⁸

53. However, Conwy Council told us that opportunities for young farmers to enter the industry are restricted due to the lack of opportunities available to other farmers to step aside.⁴⁹ We heard from Professor Terry Marsden, Cardiff University, that planning for succession “is critical” and that he would like to “see this as a significant part of the Welsh sustainable farming scheme”.⁵⁰

54. The NFFN urges both the UK and Welsh governments to offer financial support and incentives for young farmers and new entrants into agriculture, such as providing grants for machinery and equipment.⁵¹ We heard from the FUW that “we need to encourage those people who are thinking of retiring not to sell their farms up for forestry planting but to let their farms to young people”.⁵²

55. Conwy Council has called for governments to look into an ‘exit strategy’ for farmers who want to retire and an ‘entry scheme’ to assist new individuals wanting to enter the farming industry.⁵³ The Tenant Farmers Association also put forward an exit or retirement scheme which could include a lump sum payment.⁵⁴

56. Farming is economically, socially and culturally important in Wales. We recognise and endorse the vision of a future where the natural environment is cared for, prime agricultural land is cultivated effectively and appropriately, and where the next generation has a pathway into the industry while older farmers have a viable route towards a well-deserved retirement.

57. The future of farming in Wales depends on the viability of career options for younger generations to come through. We call on the UK and Welsh governments to work closely together to support and encourage new entrants; for example, respecting the role of both freeholder and tenant and the different attitudes to risk, revenue, capital, returns on investment, profit and public goods. This might translate into loan and grants

45 [Conwy County Borough Council](#) (HIL0003)

46 [Prince's Countryside Fund](#) (HIL0016)

47 [Wales Federation of Young Farmers Clubs](#) (HIL0009)

48 [Q8](#)

49 [Conwy County Borough Council](#) (HIL0003)

50 [Q34](#)

51 [Nature Friendly Farming Network](#) (HIL0017)

52 [Q9](#)

53 [Conwy County Borough Council](#) (HIL0003)

54 [Tenant Farmers Association](#) (HIL0018)

for (capital) purchase and improvements such as land management or environmental sustainability. It might also translate into payments (revenue) for other public goods such as cultural preservation and community strength.

58. We are aware of the importance of succession for family farms. One challenge for new entrants into the farming industry is the lack of opportunities available for older farmers to step aside and plan for their succession. *We recommend that the UK and Welsh governments work together to understand the drivers for exiting farming and creating sustainable routes that meet financial needs and also enable the next generation of farmers. We note that farmers and land/asset holders might wish to extract capital or divest assets through sale or retain assets and use them to generate revenue (e.g. drawdown or rental).*

Conclusions and recommendations

The uniqueness of Welsh farms

1. Agriculture plays a significant role in the Welsh economy, employing a higher percentage of the workforce in Wales than in other parts of the UK. However, the agriculture sector in Wales is dominated by large sub-sectors such as livestock production and dairy farming. At the same time it is characterised by relatively smaller farm holdings—many of which are family farms. Together this paints a picture of higher risk: a sector dependent on a narrower range of production and farms less resilient to economic shock. (Paragraph 14)
2. Farming communities are vital to rural Wales and play an important role in defining and maintaining the distinctive culture in Wales, including sustaining the Welsh language. *While language and culture are devolved responsibilities, the UK Government should consider how its approach to relevant reserved policy areas can help to protect the unique cultural contribution of Welsh farming communities. For example, the UK Government could consider adding cultural impact to the impact assessment process for future trade negotiations and to the terms of reference for the work of Trade and Agriculture Commission.* (Paragraph 19)

Free Trade Agreements (FTAs)

3. We welcome the inclusion of a member of the new Trade and Agriculture Commission (TAC) who has experience of the agricultural landscape in Wales, along with moves to recruit new agri-food attachés, and the establishment of a new Food and Drink Export Council. However, to be successful, the Welsh Government and farming communities need to be fully engaged in the work of the new TAC and Export Council, as well as the work of the attachés. *The UK Government should collaborate on the terms of reference for the Export Council with the devolved governments and farming organisations, and commit to having at least one council member with expertise and experience of the agri-food sector in Wales. We also call for a proportionate number of the new agri-food attachés to have expertise and knowledge and understanding of the distinctive characteristics of the food and drink sector in Wales, food production in Wales and the impact of decisions upon these areas.* (Paragraph 24)
4. As we concluded in our report on the implications for Wales of the UK/Australia FTA, we are acutely aware of the concerns held by Welsh farmers of the potential competitive threat posed by FTAs. However, while it is far from certain that the UK will be flooded with produce from countries that the UK Government is negotiating FTAs with, it is important that due thought is given to the impact of FTAs on the agricultural sector, food and drink production in Wales. One particular concern is negotiating tactics which will have a disproportionate impact on Wales, because of the greater reliance on agriculture and food production sectors—for example, subverting the interests and protections on agricultural and food production sectors in order to secure preferential access for larger domestic markets, such as, say, financial services. (Paragraph 30)

5. We have previously recommended that the UK Government should publish a Wales-specific impact assessment for FTAs. While this recommendation was previously rejected by the UK Government, we believe that a Welsh impact assessment continues to command substantial support from the sector as well as from the Welsh Government. *We recommend that the UK Government publish a statement on the impact of FTAs on the agricultural sector in Wales, which takes into account the sector's distinctive characteristics, and we call for the UK Government to publish its cumulative impact modelling data on FTAs.* (Paragraph 31)

Environment

6. We recognise the importance of increasing woodland to tackle the climate emergency. However, there are unintended consequences emerging as a result of planting too many trees, of the wrong type, in the wrong place. The move to net zero also needs to be better understood—something that would be helped by greater transparency on what is happening. We have heard legitimate concerns from a large number of witnesses regarding companies buying Welsh farmland for tree planting in order to off-set their carbon emissions. The extent to which this is happening, and the drivers for these actions (and whether they are an unintended consequence of tree planting schemes, including those established by both the UK and Welsh governments), is difficult to establish. (Paragraph 36)
7. We oppose any attempts to ‘game the system’ by investing in viable farming land purely in order to offset carbon emissions accrued by companies elsewhere. Tree planting schemes are an important pillar in attempts to preserve our natural environment for future generations and were never intended to be exploited to the detriment of current businesses or future generations of farmers. (Paragraph 37)
8. While we acknowledge and respect the fact that environmental and planning policy are devolved competencies, we strongly encourage the Welsh Government to reassess whether it currently has sufficiently strong safeguards in place for its tree planting schemes. In particular, we draw their attention to the Woodland Trust’s call for a requirement that companies investing in carbon woodland offsets have a substantial and credible emission reductions programme in place and are not using offsetting schemes to avoid reducing emissions. Furthermore, we call on the Welsh and UK governments to improve the transparency and regulation of carbon offset schemes which in effect create a change of land use. For example, greater transparency may be achieved by the creation of a register of carbon offset schemes so that the extent of this problem can be monitored. (Paragraph 38)
9. Climate change is already having a clear impact on farming. Changing weather patterns alter the farming environment and create greater instability. Wetter weather will increase challenges to livestock production with increased flooding of fields potentially reducing the crop production used to supply bedding and feed. We are concerned that a reduction in yield, as a result of environmental factors, could reduce the viability of farms and, in turn, could have negative consequences for the cultural, economic and social significance of family farms in Wales. *We recommend that the UK and Welsh governments work together to ensure that both governments meet their net-zero targets.* (Paragraph 43)

Future agricultural policy

10. We recognise the vital role that farmers play in food production and acknowledge the desire of UK and Welsh governments to move to a system of funding for public goods. However, we are concerned about the impact that transitioning from the existing system of payments for food production will have on the agricultural sector. (Paragraph 49)
11. *Although agricultural policy is a devolved responsibility, we heard calls for the four governments to ensure that they discuss changes to their respective agriculture policies. The UK Government should consult via the new Interministerial Group on Environment, Food and Rural Affairs with the devolved governments on potential areas for collaboration and whether there is scope for a UK wide agriculture framework which would set overarching principles. It must be clear that any such frameworks should enable nation specific policy responses.* (Paragraph 50)

Future of farming in Wales

12. Farming is economically, socially and culturally important in Wales. We recognise and endorse the vision of a future where the natural environment is cared for, prime agricultural land is cultivated effectively and appropriately, and where the next generation has a pathway into the industry while older farmers have a viable route towards a well-deserved retirement. (Paragraph 56)
13. The future of farming in Wales depends on the viability of career options for younger generations to come through. *We call on the UK and Welsh governments to work closely together to support and encourage new entrants; for example, respecting the role of both freeholder and tenant and the different attitudes to risk, revenue, capital, returns on investment, profit and public goods. This might translate into loan and grants for (capital) purchase and improvements such as land management or environmental sustainability. It might also translate into payments (revenue) for other public goods such as cultural preservation and community strength.* (Paragraph 57)
14. We are aware of the importance of succession for family farms. One challenge for new entrants into the farming industry is the lack of opportunities available for older farmers to step aside and plan for their succession. *We recommend that the UK and Welsh governments work together to understand the drivers for exiting farming and creating sustainable routes that meet financial needs and also enable the next generation of farmers. We note that farmers and land/asset holders might wish to extract capital or divest assets through sale or retain assets and use them to generate revenue (e.g. drawdown or rental).* (Paragraph 58)

Formal minutes

Wednesday 30 March

Members present

Simon Baynes

Geraint Davies

Ruth Jones

Ben Lake

Robin Millar

Beth Winter

In the absence of the Chair, Ben Lake was called to the Chair.

The economic and cultural impacts of trade and environmental policy on family farms in Wales

Draft report (*The economic and cultural impacts of trade and environmental policy on family farms in Wales*), proposed by the Chair brought up and read.

Ordered, That the Chair's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 58 be read and agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134)

Adjournment

Adjourned till Wednesday 20 April at 9.30am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 24 November 2021

Dr Nick Fenwick, Head of Policy, Farmers Union of Wales; **John Davies**, President, National Farmers Union Cymru; **William Jones**, Chair, Rural Affairs Committee, Wales YFC

[Q1–29](#)

Professor Terry Marsden, Emeritus Professor, Cardiff University; **David Williams**, Wales - Partnerships Manager and Regional Lead, Farming Community Network

[Q30–54](#)

Wednesday 02 February 2022

Julie James MS, Minister for Climate Change, Welsh Government; **Vicky Jones**, Head of Agriculture, Sustainability and Development Division, Welsh Government; **James Owen**, Head of Land Management Reform, Welsh Government; **Jon Travis**, Head of Forestry Reform, Welsh Government

[Q55–94](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

HIL numbers are generated by the evidence processing system and so may not be complete.

- 1 Calon Cymru Network Community Interest Company ([HIL0005](#))
- 2 Coed Cadw - Woodland Trust Wales ([HIL0021](#))
- 3 Conwy County Borough Council ([HIL0003](#))
- 4 Countryside and Community Research Institute ([HIL0015](#))
- 5 Farmers Union of Wales ([HIL0013](#))
- 6 Growing Mid Wales Partnership ([HIL0011](#))
- 7 Halstead, Keith (Executive Director, The Prince's Countryside Fund) ([HIL0016](#))
- 8 Hybu Cig Cymru - Meat Promotion Wales (HCC) ([HIL0002](#))
- 9 Marsden, Professor Terry (Emeritus Professor, Cardiff University) ([HIL0019](#))
- 10 NFU Cymru ([HIL0006](#))
- 11 National Trust Cymru ([HIL0022](#))
- 12 Nature Friendly Farming Network ([HIL0017](#))
- 13 RSPCA ([HIL0007](#))
- 14 Tenant Farmers Association Cymru ([HIL0018](#))
- 15 The Welsh Government ([HIL0004](#))
- 16 UK Government ([HIL0020](#))
- 17 Wales Young Farmers Clubs ([HIL0009](#))
- 18 Welsh Language Commissioner ([HIL0010](#))
- 19 Welsh Local Government Association ([HIL0012](#))
- 20 Williams, Mr Owen (Wildlife Artist, farmer/land owner and conservationist., Director of Amlwg Ltd) ([HIL0001](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2021–22

Number	Title	Reference
1st Report	Railway Infrastructure in Wales	HC 438
2nd Report	Renewable energy in Wales	HC 439
3rd Report	Implications of the UK-Australia FTA for Wales	HC 481
4th Report	The benefits system in Wales	HC 337
1st Special Report	Railway infrastructure in Wales: Government response to the Committee's First Report of Session 2021–22	HC 715
2nd Special Report	Renewable energy in Wales	HC 756
3rd Special Report	Implications of the UK/ Australia FTA for Wales: Government response to the Committee's Third Report of Session 2021–22	HC 895

Session 2019–21

Number	Title	Reference
1st Report	Pre-appointment hearing with the Government's preferred candidate for the Chair of S4C	HC 89
2nd Report	Freeports and Wales	HC 205
3rd Report	The Welsh economy and Covid-19: Interim Report	HC 324
4th Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding	HC 90
5th Report	Brexit and trade: implications for Wales	HC 176
1st Special Report	The Armed Forces and Defence Industry in Wales: Government Response to the Committee's First Report of Session 2019	HC 97
2nd Special Report	City Deals and Growth Deals in Wales: Government Response to the Committee's Second Report of Session 2019	HC 146
3rd Special Report	Freeports and Wales: Government Response to Committee's Second Report of Session 2019–21	HC 667

Number	Title	Reference
4th Special Report	Wales and the Shared Prosperity Fund: Priorities for the replacement of EU structural funding: Government response to the Committee's Fourth Report of Session 2019–21	HC 1083
5th Special Report	Brexit and trade: implications for Wales: Government response to the Committee's Fifth Report of Session 2019–21	HC 1223